

Fast-Buck Freddy

This scenario was prepared by the Center for Ethics, Responsibilities, and Values,
College of Saint Catherine, St. Paul, Minn.

Position One: Inform Them

You are Barb Wire, a manager at the This-Is-Your-Life Insurance Company. A few weeks ago you dismissed an employee (Freddy Fingers) for misappropriation of funds. His was the most blatant and outrageous act of this kind that you had encountered in your ten years with the company. The employee acted strictly out of his own self-interest. He had no intention of making restitution. The company's legal department determined, however, that prosecution should not be initiated. They do not want to subject the company to liability for a defamation action by the former employee.

The company has a policy stating that no one is to provide information about any terminated employee except dates of employment, last position held, and social security number. You may not verify attendance, salary, home address, performance level, or eligibility for employment.

This morning you received a phone call from a manager in another company. She indicated she is interviewing Freddy for a position as assistant controller. You temporarily put her off but promised to get back to her shortly.

What do you do?

We have a social and moral obligation to inform the other company of our problem with Freddy. It is possible that we would not have hired Freddy if his previous company had informed us of any problems they might have encountered. The new company may be inheriting a problem from us. If Freddy does have problems at the new company and they find out about his history, we might be considered liable or receive bad publicity for perpetuating the problem by not informing them or pursuing legal action.

I feel that our company made a mistake in not prosecuting Freddy. Informing his new employer is a way of making up for that mistake.

Position Two: Don't Inform Them

You are Barb Wire, a manager at the This-Is-Your-Life Insurance Company. A few weeks ago you dismissed an employee (Freddy Fingers) for misappropriation of funds. His was the most blatant and outrageous act of this kind that you had encountered in your ten years with the company. The employee acted strictly out of his own self-interest. He had no intention of making restitution. The company's legal department determined, however, that prosecution should not be initiated. They do not want to subject the company to liability for a defamation action by the former employee.

The company has a policy stating that no one is to provide information about any terminated employee except dates of employment, last position held, and social security number. You may not verify attendance, salary, home address, performance level, or eligibility for employment.

This morning you received a phone call from a manager in another company. She indicated she is interviewing Freddy for a position as assistant controller. You temporarily put her off but promised to get back to her shortly.

What do you do?

There is no moral obligation to inform the new company of problems with Freddy. While Freddy's actions deserved punishment, the company lawyers must be trusted, since it is their job to figure out the best way to handle problems like this. Our primary responsibility is to the best interests of our own company, not to the competition.

If the other company is told about Freddy's problem it will simply make the problem worse, since Freddy will probably sue us, leading to bad publicity for everybody. If their interview and job screening processes work right they will be able to decide if Freddy is trustworthy. It is not our job to protect the other company from harm.